



[4830-01-p]

## DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 301

[TD 9677]

RIN 1545-BL60

Disclosures of Return Information Reflected on Returns to Officers and Employees of the Department of Commerce for Certain Statistical Purposes and Related Activities.

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Temporary regulations.

SUMMARY: This document contains temporary regulations that authorize the disclosure of certain items of return information to the Bureau of the Census (Bureau) pursuant to section 6103(j)(1) of the Internal Revenue Code (Code).

The temporary regulations are made pursuant to a request from the Secretary of Commerce. These regulations require no action by taxpayers and have no effect on their tax liabilities. Thus, no taxpayers are likely to be affected by the disclosures authorized by this guidance. The text of the temporary regulations also serves as the text of the proposed regulations set forth in the Proposed Rules section in this issue of the **Federal Register**.

DATES: Effective date: These regulations are effective on July 15, 2014

Applicability date: For dates of applicability, see §301.6103(j)(1)-1T(e).

FOR FURTHER INFORMATION CONTACT: Melissa Avrutine, (202) 317-6833 (not a toll-free number).

## SUPPLEMENTARY INFORMATION:

### **Background**

This document contains amendments to 25 CFR part 301. Section 6103(j)(1)(A) authorizes the Secretary of Treasury to furnish, upon written request by the Secretary of Commerce, such return or return information as the Secretary of Treasury may prescribe by regulation to officers and employees of the Bureau for the purpose of, but only to the extent necessary in, the structuring of censuses and conducting related statistical activities authorized by law. Section 301.6103(j)(1)-1 of the existing regulations further defines such purposes by reference to 13 U.S.C. chapter 5 and provides an itemized description of the return information authorized to be disclosed for such purposes.

By letter dated May 10, 2013, the Secretary of Commerce requested that additional items of return information be disclosed to the Bureau for the structuring of the decennial census. Specifically, the Secretary of Commerce requested disclosure of the following additional items: (1) From Form 1040, "U.S. Individual Income Tax Return," processing: Electronic Filing System Indicator, Return Processing Indicator, and Paid Preparer Code and (2) From Form 1098, "Mortgage Interest Statement": Payee/Payer/Employee Taxpayer Identification Number , Payee/Payer/Employee Name (First, Middle, Last, Suffix), Street Address, City, State, ZIP Code (9 digit), Posting Cycle Week, Posting Cycle Year, and Document Code.

The Secretary of Commerce determined that these items of return information are needed to design a decennial census that costs less per housing

unit and still maintains high quality results. A major cost in previous decennial censuses was the high number of follow-up, in-person attempts to collect information from housing units that did not return a completed census form. The Bureau intends to conduct research and testing for the next decennial census using administrative data from federal agencies, state agencies, and commercial vendors to determine whether the number of non-response follow-up visits can be reduced through the strategic reuse of this data. Specifically, the Bureau aims to achieve the following research initiatives: (1) Validating and enhancing the Master Address File; (2) Designing and assigning resources to carry out the next decennial census; (3) Un-duplicating public, private, and census lists; and (4) Imputing missing data. All administrative data from the above sources, including return information, will be integrated into the Bureau's data system that is used for the next decennial census and housing counts and will be done in a manner such that the source (for example, commercial vendor, IRS, or Social Security Administration) will not be associated with any data element in the final decennial person-level census records.

Thus, the Secretary of Commerce asserted that good cause exists to amend §301.6103(j)(1)-1 of the regulations to add these items to the list of items of return information that may be disclosed to the Bureau. The Treasury Department and the IRS agree that amending existing regulations to permit disclosure of these items to the Bureau is appropriate to meet the needs of the Bureau.

The text of the temporary regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section of this issue of the **Federal Register**.

### **Explanation of Provisions**

Section 6103(j)(1)-1T will authorize the disclosure of the following additional items of return information from income tax returns (Form 1040): (1) Electronic Filing System Indicator; (2) Return Processing Indicator; and (3) Paid Preparer Code. Section 6103(j)(1)-1T will authorize the disclosure of the following items of return information from Form 1098: (1) Payee/Payer/Employee Taxpayer Identification Number; (2) Payee/Payer/Employee Name (First, Middle, Last, Suffix); (3) Street Address; (4) City; (5) State; (6) ZIP Code (9 digit); (7) Posting Cycle Week; (8) Posting Cycle Year; and (9) Document Code.

### **Special Analyses**

It has been determined that these temporary regulations are not a significant regulatory action as defined in Executive Order 12866, as supplemented by Executive Order 13563. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedures Act (5 U.S.C. chapter 5) does not apply to these regulations and because the regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

## **Drafting Information**

The principal author of these regulations is Melissa Avrutine, Office of the Associate Chief Counsel (Procedure and Administration).

## **List of Subjects in 26 CFR Part 301**

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

## **Amendments to the Regulations**

Accordingly, 26 CFR part 301 is amended as follows:

### **PART 301- -PROCEDURE AND ADMINISITRATION**

Paragraph 1. The authority citation for part 301 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

Par. 2. Section 301.6103(j)(1)-1T is added to read as follows:

§301.6103(j)(1)-1T Disclosures of return information reflected on returns to officers and employees of the Department of Commerce for certain statistical purposes and related activities (temporary).

(a) through (b)(1)(xvii) [Reserved]. For further guidance see §301.6103(j)(1)-1(a) through (b)(1)(xvii).

(xviii) Electronic Filing System Indicator.

(xix) Return Processing Indicator.

(xx) Paid Preparer Code.

(b)(2) through (b)(6)(iii) [Reserved]. For further guidance see §301.6103(j)(1)-1(b)(2) through (b)(6)(iii).

(b)(7) Officers or employees of the Internal Revenue Service will disclose the following return information reflected on Form 1098 "Mortgage Interest Statement" to officers and employees of the Bureau of the Census for purposes of, but only to the extent necessary in, conducting and preparing, as authorized by chapter 5 of title 13, United States Code, demographic statistics programs, censuses, and surveys--

- (i) Payee/Payer/Employee Taxpayer Identification Number;
- (ii) Payee/Payer/Employee Name (First, Middle, Last, Suffix);
- (iii) Street Address;
- (iv) City;
- (v) State;
- (vi) ZIP Code (9 digit);
- (vii) Posting Cycle Week;
- (viii) Posting Cycle Year; and
- (ix) Document Code.

(c) through (d)(3)(ii) [Reserved]. For further guidance see §301.6103(j)(1)-1(c) through (d)(3)(ii).

(e) Effective/applicability date. This section applies to disclosures to the Bureau of the Census made on or after July 15, 2014.

(f) Expiration date. The applicability of this section expires on or before July 14, 2017.

John Dalrymple

Deputy Commissioner for Services and Enforcement.

Approved: June 9, 2014

Mark J. Mazur

Assistant Secretary of the Treasury (Tax Policy).

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